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*cancorp*

GENERAL MORTGAGE  
CORPORATION OF CANADA

1974 annual report

*St. Maurice Capital Corp. Ltd.*







## directors

Allan L. Beattie, Q.C.\*  
Toronto, Ontario

Christopher J. Cann, C.G.A.  
Pickering, Ontario

Matthew Gaasenbeek  
Islington, Ontario

Derek C. Hannaford  
Westmount, Quebec

John A. McCleery, F.C.A.  
Don Mills, Ontario

Charles Orenstein  
Toronto, Ontario

Donald A. Ross, C.A.  
Calgary, Alberta

Robert H. E. Walker, Q.C., D.S.O., E.D.  
Montreal, Quebec

Jack B. Whitely  
Baie D'Urfè, Quebec

\*Retired from Board October 22, 1974

## officers

Jack B. Whitely  
Chairman of the Board

Christopher J. Cann, C.G.A.  
President & Treasurer

Leslie Stimpson, R.I.A.  
Vice President & Secretary

Winston De La Espriella  
Assistant Treasurer

## auditors

Thorne Riddell & Co.

## counsel

Osler, Hoskin & Harcourt

## head office

8 King Street East, Toronto, Canada M5C 1B5

## GENERAL MORTGAGE CORPORATION OF CANADA

### DIRECTORS' REPORT TO SHAREHOLDERS

We are pleased to report that 1974 was another year of impressive growth for General Mortgage Corporation of Canada. The Company's total assets rose from \$19.1 million to \$28.7 million, an increase of 50%. This expansion in assets gave rise to a 46% increase in net earnings from \$149,203 to \$218,379 or, on a per share basis, from \$1.32 to \$1.93. It should be noted that net earnings before provision for the Federal Government's temporary corporate surtax were \$227,464 or \$2.01 per share.

These results are particularly gratifying in view of the unsettled conditions which existed in the financial markets during this twelve-month period. Tighter money conditions steadily pushed the Company's borrowing costs higher throughout the year until they reached a peak level in late fall.

The Company's mortgage lending program continued at a steady pace during the year despite a general slowdown in the mortgage market in the second half. Over 400 mortgages were written, most of which financed single family dwellings.

Mortgage Fund "B" was again the most active fund, its mortgage portfolio rising from \$15.2 million to \$24.5 million, an increase of 62%. This growth was financed by the sale of over \$9 million of Series "B" bonds. The Company continued its policy of matching the maturities of its bonds with the maturities of its mortgages.

The N.H.A. portfolio of Mortgage Fund "A" declined by \$128,000, the proceeds going to reduce bank indebtedness.

The shareholders' equity increased from \$1,872,000 to \$2,090,000, up \$218,000. These funds were invested in new mortgages in the General Fund.

We expect that 1975 will be a year marked by a further slowing in the demand for mortgage financing and a continuing decline in interest rates, particularly in the short end of the money market. However, we anticipate that the Company's mortgage program will equal that of 1974.

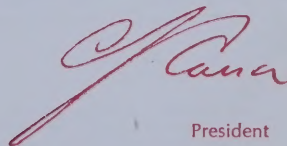
In order to accommodate this further growth, the Company plans to make application for an increase in its borrowing ratio from the current 17 times admitted capital to 20 times admitted capital. Shareholders are being asked to approve this change at a Special General Meeting to be held concurrently with the upcoming Annual General Meeting.

It is with regret that we announce the passing of Mr. Leonard Henderson in 1974. Mr. Henderson, who held the position of Vice President, Secretary and Director of the Company, made an invaluable contribution to the affairs of the Company since its inception in 1961. It was under his direction that General Mortgage began its current expansion program.

In October, Mr. C. J. Cann was appointed President and a Director of the Company. Mr. Cann, formerly Executive Vice President, has been with the Company for several years and brings to his new position a solid background of experience in real estate financing.

We would like to extend sincere thanks to the management and staff of the Company for their efforts during 1974.

ON BEHALF OF THE BOARD



President

January 31st, 1975.



## BALANCE SHEET AS AT DECEMBER 31, 1974

### ASSETS

	1974	1973 (as restated — note 4)
<b>General Fund</b>		
Cash .....	\$ 60,062	\$ 16,190
Bank deposit receipts .....		20,000
Investment in preferred stocks, at cost (quoted market value 1974, \$550,269; 1973, \$651,347) (note 1) .....	794,451	775,428
Mortgages receivable .....	1,486,812	1,189,279
Office equipment and leasehold improvements, at cost less accumulated depreciation of \$29,996 (1973, \$24,181) .....	23,452	28,961
Unamortized financing expenses (note 2) .....	345,199	246,482
	<u>2,709,976</u>	<u>2,276,340</u>
<b>Mortgage Fund A</b>		
Cash .....	4,990	13,970
Mortgages receivable, issued under the National Housing Act ...	1,315,828	1,443,893
	<u>1,320,818</u>	<u>1,457,863</u>
<b>Mortgage Fund B</b>		
Cash .....	2,460	39,773
Bank deposit receipts .....	100,000	200,000
Mortgages receivable .....	24,541,109	15,165,465
	<u>24,643,569</u>	<u>15,405,238</u>
	<u>\$28,674,363</u>	<u>\$19,139,441</u>

We hereby certify that to the best of our knowledge and belief the foregoing balance sheet is correct and shows truly and clearly the financial condition of the company's affairs.

J. B. WHITELY, Chairman of the Board C. J. CANN, C.G.A., President and Treasurer J. A. McCLEERY, F.C.A.	} Directors.
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# GENERAL MORTGAGE CORPORATION OF CANADA

(Incorporated by Special Act of Parliament under the laws of Canada)

## LIABILITIES

	1974	1973 (as restated — note 4)
<b>General Fund</b>		
Accounts payable and accrued liabilities .....	\$ 9,449	\$ 3,000
Income and other taxes payable .....	60,706	3,113
	<u>70,155</u>	<u>6,113</u>
Deferred service fees (note 3) .....	196,896	176,578
Deferred income taxes .....	352,264	221,367
Capital stock		
Authorized		
803,200 shares, par value \$10 per share		
Issued		
113,360 shares .....	1,133,600	1,133,600
General reserve .....	150,000	125,000
Retained earnings .....	807,061	613,682
	<u>2,090,661</u>	<u>1,872,282</u>
	<u>2,709,976</u>	<u>2,276,340</u>
<b>Mortgage Fund A</b>		
Demand bank loans, secured by Series A bonds .....	1,306,000	1,444,000
Accrued interest .....	14,818	13,863
	<u>1,320,818</u>	<u>1,457,863</u>
<b>Mortgage Fund B</b>		
Demand bank loans, secured by Series B bonds .....	15,000	
Series B bonds (note 2) .....	24,004,650	15,031,650
Accrued interest and expenses .....	519,774	289,075
Mortgages payable .....	104,145	84,513
	<u>24,643,569</u>	<u>15,405,238</u>
	<u>\$28,674,363</u>	<u>\$19,139,441</u>

## AUDITORS' REPORT

To the Shareholders of  
General Mortgage Corporation of Canada

We have examined the balance sheet of General Mortgage Corporation of Canada as at December 31, 1974 and the statements of earnings and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
January 13, 1975

THORNE RIDDELL & CO.  
Chartered Accountants.

# STATEMENT OF EARNINGS

## YEAR ENDED DECEMBER 31, 1974

	1974	1973 (as restated — note 4)
Income		
Interest earned on mortgages and bank deposit receipts .....	\$2,337,345	\$1,413,703
Service fees earned (note 3) .....	222,501	138,416
Dividend income .....	47,925	45,655
Gain on sale of investments .....		10,643
	<u>2,607,771</u>	<u>1,608,417</u>
Expenses		
Bank and bond interest .....	1,822,852	1,080,926
Amortization of financing expenses (note 2) .....	88,729	55,094
Salaries, pension fund payments and other staff benefits .....	149,557	117,955
All other administrative expenses including depreciation of \$5,814 (\$7,157 in 1973) .....	139,631	101,162
	<u>2,200,769</u>	<u>1,355,137</u>
Earnings before income taxes .....	<u>407,002</u>	<u>253,280</u>
Income taxes		
Current .....	57,726	
Deferred .....	130,897	104,077
	<u>188,623</u>	<u>104,077</u>
Net earnings for the year .....	<u>\$ 218,379</u>	<u>\$ 149,203</u>
Net earnings per share .....	<u>\$ 1.93</u>	<u>\$ 1.32</u>

# STATEMENT OF RETAINED EARNINGS

## YEAR ENDED DECEMBER 31, 1974

	1974	1973 (as restated — note 4)
Balance at beginning of year		
As previously reported .....	\$ 602,143	\$ 489,479
Reduction of 1973 Ontario capital tax, net of deferred income taxes of \$11,000 .....	11,539	
As restated .....	613,682	489,479
Net earnings for the year .....	218,379	149,203
	<u>832,061</u>	<u>638,682</u>
Transfer to general reserve .....	25,000	25,000
Balance at end of year .....	<u>\$ 807,061</u>	<u>\$ 613,682</u>



# GENERAL MORTGAGE CORPORATION OF CANADA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1974

### 1. INVESTMENT IN PREFERRED STOCKS

No provision for decline in value of the investment in preferred stocks has been made. The company considers that this decline is not permanent and that no provision is necessary as it is not the company's intention to currently dispose of these securities.

### 2. SERIES B BONDS, MORTGAGE FUND B

Bonds mature as follows:

	1974	1973
1974 .....		\$ 115,500
1975 .....	\$ 1,518,250	400,250
1976 .....	4,366,500	4,204,500
1977 .....	4,127,300	3,799,300
1978 .....	11,872,600	6,492,100
1979 .....	2,120,000	20,000
	<u>\$24,004,650</u>	<u>\$15,031,650</u>

Financing expenses are being amortized on a monthly basis over the term of the bonds.

### 3. SERVICE FEES EARNED

Fees are taken into service fees earned over the term of the mortgage on the sum of the years digits method, except for an amount equal to the estimated cost of establishing mortgage files which amount is included in service fees earned in the year the cost is incurred.

### 4. COMPARATIVE FIGURES

The comparative figures have been restated to reflect a reduction in the provision for the 1973 Ontario capital tax.







